



McHenry County, Illinois

FY 2017

Annual Action Plan

Based on estimated allocations of \$1,272,000 for Community Development Block Grants and \$440,000 for HOME Investment Partnerships Program funding for Federal Grants administered by the Planning and Development Department

Submitted with County Board Approval July 18, 2017

Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

The U.S. Department of Housing and Urban Development (HUD) has designated McHenry County an “Urban County.” As such, the County receives annual grants from the federal government, namely the Community Development Block Grant (CDBG) and the HOME Investment Partnerships Program (HOME) in order to provide financial support for municipalities, housing, economic and service providers throughout the County.

As part of the grant administration process, the County develops a Five-Year Consolidated Plan 2015-2019 that directs the analysis and prioritization of needs as related to housing and community development. As part of the grant administration process, the County develops an Annual Action Plan for each of year that the Consolidated Plan is in effect. This Annual Action Plan contains goals and objectives for year three of the Consolidated Plan and is based on estimated allotments determined on a ten year run rate. The County Board has already approved these allocations subject to an adjustment based on the actual allocation the County received from HUD.

2. Summarize the objectives and outcomes identified in the Plan

Refer to Section AP-20 for Goals and Objectives.

3. Evaluation of past performance

For Action Year 2 (2016), the Community Development and Housing Grant Commission made initial CDBG recommendations for funding in January, 2016 that were later clarified in April, 2016 and based on actual awards for Year 2. Because almost every Strategic Planning goal had remaining outcomes to be met and in efforts to have decisions made and planning made earlier on, competitions were run for 2017 CDBG in September, 2016. In the 2017 CDBG Competition, McHenry County planned for year three of the Strategic Plan by allowing applications for goals to be included in the funding notice for year 3 (2017). Several projects were authorized for funding in all goal categories except Public Facilities.

For CDBG, three infrastructure projects did not begin construction in 2015, but progressed through engineering design to bid proposal request, and two housing projects that were under contract in 2014 with no accomplishments, made accomplishments in 2015.

After realigning staffing, the Community Development staff mobilized to allocate years 2015, 2016 and 2017 HOME Investment Partnerships Program funding. Through County Board

approval, projects funded with 2013 and 2014 HOME funding with decisions made in January, 2015 that could not proceed due to issues with winning tax credits from the State of Illinois necessary to the complete their financing. Another project determined that a lack of State resources would prevent it from being able to provide the proper level of services to its clients. With timelines that involve spending being made within a four-five year time frame for HOME funding, the reallocation was made to a contingent subrecipient for a more “shovel-ready” project. With competition remaining quite challenging for State tax credit projects, the CDHG Commission focused more on making allocations to tax credit projects with future funding rather than face issues of non-timely obligation.

McHenry County worked with affirmatively furthering fair housing with one project involving legal assistance and public outreach. The County as Public Jurisdiction, in coordination with the McHenry County Continuum of Care to End Homelessness and the McHenry County Mental Health Board, funded a Strategic Plan to End Homelessness that was completed in December, 2015. This three year plan was put into place in January, 2016.

Goal	Category	Source / Amount	Indicator	Unit of Measure	Expected – Strategic Plan	Actual – Strategic Plan	Percent Complete	Expected – Program Year	Actual – Program Year	Percent Complete
Administration	Administration	CDBG: \$ / HOME: \$	Other	Other	10	4	40.00%			
Housing Repairs: CDBG	Affordable Housing	CDBG: \$	Homeowner Housing Rehabilitated	Household Housing Unit	125	61	48.80%	25	5	20.00%
Increase Avail. or Sustainability of Affordable Hs	Affordable Housing Homeless	HOME: \$	Rental units rehabilitated	Household Housing Unit	25	8	32.00%			
Increase Avail. or Sustainability of Affordable Hs	Affordable Housing Homeless	HOME: \$	Homeowner Housing Rehabilitated	Household Housing Unit	25	13	52.00%	8	9	112.50%
Increase Avail. or Sustainability of Affordable Hs	Affordable Housing Homeless	HOME: \$	Direct Financial Assistance to Homebuyers	Households Assisted	10	5	50.00%	2	1	50.00%
Increase Avail. or Sustainability of Affordable Hs	Affordable Housing Homeless	HOME: \$	Tenant-based rental assistance / Rapid Rehousing	Households Assisted	25	0	0.00%	-	-	-

Increase Avail. or Sustainability of Affordable Hs	Affordable Housing Homeless	HOME: \$	Housing for Homeless added	Household Housing Unit	10	8	80.00%	8	0	0.00%
Infrastructure Improvements	Non-Housing Community Development	CDBG: \$	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit	Persons Assisted	5000	3795	75.90%	-	-	-
Infrastructure Improvements	Non-Housing Community Development	CDBG: \$	Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit	Households Assisted	0	0	-	536	558	104.10%
Public Facilities	Non-Housing Community Development	CDBG: \$	Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit	Households Assisted	0	0	-	130	138	106.15%

Public Facilities	Non-Housing Community Development	CDBG: \$	Homelessness Prevention	Persons Assisted	0	0	-	50	213	426.00%
Public Facilities	Non-Housing Community Development	CDBG: \$	Other	Other	3	4	133.33%			
Public Services	Public Services	CDBG: \$	Public service activities for Low/Moderate Income Housing Benefit	Households Assisted	3000	5280	194.00%	700	758	108.29%

4. Summary of Citizen Participation Process and consultation process

Summary from citizen participation section of plan.

The CD Division embarked on a more comprehensive and transparent approach to the 2017 CDBG funding round. An initial meeting was held on May 18, 2016 and involved an initial Public Notice published in the local newspaper and the local housing authority, posted on the County website, and distributed to the local libraries in order to glean commentary and suggestions from the community prior to the roll out of the 2017 funding round. This also included a presentation at the McHenry County Continuum of Care to End Homelessness on May 12, 2016.

The second Public Notice for the draft Annual Action Plan for 2017 was published in the local newspaper and distributed to local subrecipients in the community. The public comment period was from June 6, 2017 through June 22, 2017 in a compressed time frame as authorized by HUD CPD 16-18 with public hearings on June 12, 2017 and on June 19, 2017.

A secondary result of hearings is ability of subrecipients to identify the community's progress toward achieving many of the goals outlined in its Five Year Consolidated Plan.

5. Summary of public comments

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

Public Comments were received during the compressed 14 day public comment period ending on June 22, 2017 as authorized under HUD CPD 16-18. A public hearing was held on May 18, 2016 at which time, attendees were provided with a presentation and the opportunity to ask questions and provide comments. No comments were provided at the hearing. Separate hearings were held on both June 12, 2017 and on June 19, 2017.

6. Summary of comments or views not accepted and the reasons for not accepting them

To Be Determined after 06/22/2017.

7. Summary

See number 6 above.

PR-05 Lead & Responsible Agencies – 91.200(b)

1. Agency/entity responsible for preparing/administering the Consolidated Plan

Describe the agency/entity responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role		Name	Department/Agency
CDBG Administrator		MCHENRY COUNTY	Dpt. of Planning-Community Development Division
HOME Administrator		MCHENRY COUNTY	Dpt. of Planning-Community Development Division

Table 1 – Responsible Agencies

Narrative (optional)

McHenry County Planning and Development Department, Community Development Division developed the Annual Action Plan, and both the Community Development and Housing Grant Committee and the McHenry County Board approved and authorized the submittal of the plan to HUD.

Consolidated Plan Public Contact Information

McHenry County Department of Planning and Development, Community Development Division by mail: 2200 N. Seminary Ave., Woodstock, IL 60098 or in person at: 667 Ware Rd., #207B, Woodstock, IL 60098. Phone number 815-334-4560.

Planning and Development Director, Mr. Dennis Sandquist; Community Development Administrator, Mr. Hans Mach

AP-10 Consultation – 91.100, 91.200(b), 91.215(I)

1. Introduction

At both a pre-application timeframe in 2016, and a second comment period in 2017, McHenry County, through its Citizen Participation Plan, informed the public through a Public Notice available in the local newspaper, on the County website, in local libraries (for the first comment period in 2016), with the local housing authority (for the first comment period in 2016), and the Continuum of Care (CoC). Citizens, public agencies and other interested parties were able to review information and records related to the Consolidated Plan and other HUD documents. The County provides public access via internet and hard copy upon request.

Because ending homelessness is a high priority in McHenry County, CoC members and the community are informed of the draft Action Plan and are encouraged to review the plan and make comments. Additionally, the Consolidated Plan is developed with CoC stakeholder comments and input, and the high priority placed upon activities that serve the homeless is a CoC influence in the Consolidated Plan and in the Action Plan.

Provide a concise summary of the jurisdiction's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(I))

Beginning with funding for 2015-2017 HOME projects and with 2016 CDBG Mini Round and 2017 CDBG, potential subrecipients were awarded additional points on their applications for identifying complementary resources. For example, a Public Facility project could identify guaranteed funding from a service grantee that would correspond to the project.

Many of the subrecipients- particularly those serving homeless- receive funding from the local Mental Health Board, which is funded through County taxpayer dollars. Other receive both Mental Health and Medicaid funding. The ability to have attached services ensures coordination amongst these entities to identify true community needs and gain stake from multiple grantees for their projects. In turn, funding becomes diversified and less risky if one grantee can no longer be involved.

The Community Development Division funded two physical health organizations in both 2016 and 2017 through CDBG. A provider of homeless services will also will receive service dollars for both years and operates from a building under Public Facilities rehabilitation expected to be completed in 2017. This facility will also house the community's new Coordinated Entry (CE) subrecipient. The CE subrecipient will be receiving Public Services funding to build capacity for efforts at both CE and community reintegration for formerly incarcerated individuals. The

latter population has a tendency to be homeless after exit from incarceration, but no agency was specified to fund such activities in the past.

Lastly, with the loss of other local networks of community providers, the McHenry County Continuum of Care to End Homelessness has substantially increased in its breadth of membership since 2012. This allows for considerable collaborative efforts not only involving homelessness but also involving other issues such as human trafficking, credit counseling, financial needs, domestic violence, and hunger.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness.

The CD Division acts as the Collaborative Applicant for the CoC and develops the annual competition processes for the CoC as an ex-officio member of the CoC's Ranking and Evaluation Committee.

The CoC offered ESG funding for homeless shelter operations, homelessness prevention and street outreach activities in 2016; applicants applied for only street outreach and shelter activities excluding renovations. In 2017, priorities were narrowed only to street outreach and shelter activities. The Ranking and Evaluation Committee opted to fund only shelter activities for this round. The Community Services Block Grant and Illinois DHS Homelessness Prevention funds were identified as means to provide clients with homelessness prevention services.

In its 2015 CoC funding competition, McHenry County allocated funding to both Coordinated Entry and a Homeless Management Information Systems (HMIS) grantee. It was originally anticipated that these awards/services would begin mid-2016. However, funding was delayed until late November, 2016, and the original grantee awarded has decided to narrow its mission and subsequently sub-out the funding to other agencies. Hence, it is difficult to determine the impact of coordinated entry at this time. However, these approaches have been determined to be very effective in other communities throughout the country as they employ measures to identify the most appropriate setting for clients. For HMIS, the Community Development Division assumed administrative duties of the system and began the process of data corrections identified. System Performance Measures entered into HDX on June 5, 2017 identified a much anticipated increase in the number of sheltered and street homeless and a minor increase in the number of clients served in transitional programs.

For its 2016 CoC completion, greater emphasis was made on supporting permanent housing. For the 2016 competition, the CoC received all of its possible bonus funding and was able to develop three new projects: one for Permanent Supportive Housing and two for Rapid Rehousing with a focus on domestic violence survivors.

Outreach and Prevention activities at Home of the Sparrow continue to reach hundreds of clients annually. This enables the provision of a plethora of resources, particularly to clients who are at risk of becoming homeless and who cannot determine what resources are appropriate for them.

The Old Firehouse Assistance Center is a homeless daytime drop-in center that began in 2016 and is operated by the McHenry County Housing Authority with funding from CDBG. Its reach has been significant with almost 200 clients receiving some form of services. In many cases, clients have surfaced from sites unfit for human habitation in the County and have begun to reach for help. McHenry County is one of only three communities utilizing street outreach efforts in the State (outside of Cook County). Coupled together, these projects service a wide variety of individuals and households, including veterans, disabled, families and single individuals. The community continues to promote Street Outreach as a prioritized activity, which assists the community with coordinated entry and the ability to directly work with chronically homeless individuals in the community.

The community also has access to the Supportive Services for Veteran Families through the TLS Veterans organization. The CD Division has committed to capacity building with this organization as its Grant and Per Diem Program converts from a renewal to competition resource heading into 2017.

Describe consultation with the Continuum(s) of Care that serves the jurisdiction's area in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS

McHenry County is the lead agency and Collaborative Applicant for the CoC and as such, assists the CoC with their allocation of ESG, however, the County does not receive its own entitlement allocation of ESG.

However, as planning/collaborative grantee, the Community Development (CD) Division works with the CoC to provide strategic planning initiatives and to foster annual ranking and evaluation procedures for CoC and ESG grant funding. The CD Division also monitors ESG, CoC, CDBG, and HOME grant funding. The Homeless Management Information System funded by the Continuum of Care program as of 2017.

The County has assumed the role of HMIS Database Administrator as of November 1, 2016, thereby allowing for access to a greater variety of reporting than before. This will allow for the development of enhanced ESG outcomes analysis when funding is being considered. This aided the Ranking and Evaluation Committee in making ESG funding decisions in the Spring of 2017 and will continue procedurally through the CoC Competition.

In 2016, the CoC evaluation rubric received a major overhaul. This provided for a more serious competition and a greater score distribution. The Ranking Committee of the CoC recommended the

funding priority in the order in which it was ranked and reduced funding to non-performing or lower performing CoC projects. HUD committed to funding all of the projects recommended including bonus.

2. Describe Agencies, groups, organizations and others who participated in the process and describe the jurisdiction's consultations with housing, social service agencies and other entities

McHenry County posted the first comment period public notice with the McHenry County Housing Authority in order to promote comments from households in public housing. Additionally, the public notice was published in the local newspaper and on the County's website. The Continuum of Care to End Homelessness was also provided the public notice. Organizations tend to participate more often in hearings at which they could ask questions but did not provide a formal comment to the Plan. The CD Division has seen an increase in the number of attendees at such hearings as other funding resources have dwindled or as they identify key community projects for which they are planning well in advance.

Table 2 – Agencies, groups, organizations who participated

1	Agency/Group/Organization	MCHENRY COUNTY
	Agency/Group/Organization Type	Housing PHA Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Victims of Domestic Violence Services-Homeless Services-Health Services-Education Services-Employment Service-Fair Housing Other government - County Other government - Local Grantee Department Private Sector Banking / Financing
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Agencies involved in the participation are Countywide, therefore the organization is listed as McHenry County. CoC, Housing Authority, general public through public notice in the local paper, libraries, and county website. Government through the Community Development Housing Grant Commission, Planning and Development Committee and County Board.

Identify any Agency Types not consulted and provide rationale for not consulting

NA

Other local/regional/state/federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	McHenry County	Strategic Plan and End Homelessness was just developed and adopted at the end of 2015. The CoC influence on the Consolidated and Action Plans is shown in high priority for activities serving the homeless and will continue to be the case in 2017.

Table 3 – Other local / regional / federal planning efforts

Narrative (optional)

The CD Division offers the community the ability to respond to CAPERs, Consolidated Plans (and their Substantial Amendments), and Annual Action Plans. The CD Division is the CoC's Collaborative Applicant and presents the opportunities to respond to these reports to the wide variety of stakeholders present at the CoC. This includes the Housing Authority, a myriad of social service organizations and other individuals and entities with an interest in community affairs and in ending homelessness

AP-12 Participation – 91.105, 91.200(c)

1. Summary of citizen participation process/Efforts made to broaden citizen participation Summarize citizen participation process and how it impacted goal-setting

Public notice is placed in the local paper, the notice also goes to local libraries, the county government members of the CDHG Commission, Public Health and Community Services Committee and County Board for comment and approval prior to submittal. The Continuum of Care to End Homelessness in McHenry County was provided the public notice as well. Outreach will be fully identified once the comment and presentation periods are over.

Citizen Participation Outreach- will be updated to reflect citizen participation after 06/22/2017

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
1	Newspaper Ad	Non-targeted/broad community	No Comments	NA	NA	NA
2	Public Hearing	Non-targeted/broad community	No Comments	No Comments	NA	NA
3	Public Meeting	Non-targeted/broad community	No Comments	NA	NA	NA
4	Internet Outreach	Non-targeted/broad community	No Comments	NA	NA	NA

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
5	public notice to libraries	<p>Minorities</p> <p>Persons with disabilities</p> <p>Non-targeted/broad community</p> <p>Residents of Public and Assisted Housing</p> <p>for people that do not access paper</p>	No Comments	NA	NA	NA
6	solicitation for comments	CoC and County Gov't	One written comment received	add disabled population to the target population	Disabled not specified, but included in low income population	www.co.mchenry.il.us/CD

Table 4 – Citizen Participation Outreach

Expected Resources

AP-15 Expected Resources – 91.220(c) (1, 2)

Introduction

The following table displays the anticipated resources broken down by program type. Projections are made for FY 2017 and the remaining two years of the Consolidated Plan.

Priority Table

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 3				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	1,309,017	0	1,311,488	2,620,505	2,078,801	Admin/Plan Public Improvement Public Service

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 3				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	440,000	0	374,435	814,435	1,160,788	All Uses of Funds

Table 5 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

In completing its match report for 2016, McHenry County identified that it had achieved a HOME match level significant enough for sustainability for many years. With HUD approval, the County will allow for Tenant-Based Rental Assistance without a match requirement in order to secure a subrecipient. For other HOME projects, match will either be required or will be reviewed on a case by case basis. More points are awarded to potential subrecipients with a match of at least 25% under the HOME program; more points are awarded if this match is cash specifically designated to the project. It is to note that the Division sought applicants for the HOME Tenant-Based Rental Assistance program, allowing for the non-match of funding, but did not receive any applicants requesting to avoid match.

If appropriate, describe publically owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

The McHenry County Continuum of Care to End Homelessness developed an ad hoc committee beginning in 2015 to confront the community's need for a year 'round shelter site. The group communicated with local leaders and was able to secure support from the City of Woodstock. The City lent the use of a former fire station to a new group of volunteers for the purpose of providing emergency shelter and community support services to homeless individuals. This service began in 2016 and receive allocations of funding for both services and a Public Facilities rehabilitation that will secure use toward a National Objective for 5 years. Work on the facility is expected to be completed in late 2017 and involves considerable in-kind/leverage activities and support. The location also began to house the Coordinated Entry program starting in 2017. This has made the firehouse a very wise investment that involves multiple partners and significant client opportunities.

The County will receive funding from the Illinois Housing Development Authority in 2017 for the purposes of demolishing abandoned properties in unincorporated areas of the County. This may be paired with future demolition efforts to allow for an acquisition by a non-profit or local government for future LMI Household or area benefit. At least two of the identified properties for demolition have the capacity for a quit claim activity to transfer ownership. In some cases, this may also involve trustee form of ownership of the affected property by assigning ownership to the public as a form of transfer to clear/rebuild the property.

Discussion

The Community Development Division has increased community engagement on multiple levels in order to glean citizen participation in its efforts. Moving forward, the Division will continue to expand these efforts where appropriate. This will include community outreach where appropriate.

Annual Goals and Objectives

AP-20 Annual Goals and Objectives - 91.420, 91.220(c) (3) & (e)

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Infrastructure Improvements	2015	2019	Non-Housing Community Development	McHenry County Impacted Areas per Map 3 Low and Moderate Income Areas per Map 1	Infrastructure: Public Improvements	CDBG: \$662,315	Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit: 536 Households Assisted
2	Housing Repairs: CDBG	2015	2019	Affordable Housing	Countywide LMC	Affordable Housing: Non-Rental	CDBG: \$200,000	Homeowner Housing Rehabilitated: 25 Household Housing Unit
3	Increase Avail. or Sustainability of Affordable Hs	2015	2019	Affordable Housing Homeless	Countywide LMC	Affordable Housing-Rental Affordable Housing: Non-Rental	HOME: \$1,053,773	Rental units constructed: 47 Household Housing Unit Homeowner Housing Rehabilitated: 8 Household Housing Unit Direct Financial Assistance to Homebuyers: 2 Households Assisted Housing for Homeless added: 8 Household Housing Unit

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
4	Public Services	2015	2019	Public Services	Countywide LMC	Public Services: Homeless Populations Public Services: Non-homeless Populations	CDBG: \$99,170	Public service activities for Low/Moderate Income Housing Benefit: 700 Households Assisted
5	Public Facilities	2015	2019	Non-Housing Community Development	Countywide LMC	Public Facility Improvements	CDBG: \$136,558	Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit: 130 Households Assisted

Table 6 – Goals Summary

Goal Descriptions

1	Goal Name	Infrastructure Improvements
	Goal Description	Infrastructure for Phase 4D of The Village of McCullom Lake Drainage Project; ADA improvements in the Village of Union; Sanitary Sewer Cleaning and Lining in the City of Harvard; and Phase 3 of the City of Woodstock Walnut-Ash Stormwater Management Project
2	Goal Name	Housing Repairs: CDBG
	Goal Description	McHenry County Housing Authority Owner Occupied Rehabilitation, Habitat for Humanity of McHenry County Critical Home Repair

3	Goal Name	Increase Avail. or Sustainability of Affordable Hs
	Goal Description	McHenry County Housing Authority-owner occupied rehabilitation- 20 homes, Habitat for Humanity of McHenry County 25 homes-Acquisition, Rehabilitation, sale with Down-payment Assistance.
4	Goal Name	Public Services
	Goal Description	Epilepsy Foundation-Conquering Health Disparities in Epilepsy and Brain Injury; Family Health Partnerships-Enhanced Pharmaceutical Assistance; , Turning Point Community Anti-Violence Education Program; McHenry County Housing Authority Old Firehouse Assistance Center Homeless Outreach; and New Life Transitions Community Reintegration Program
5	Goal Name	Public Facilities
	Goal Description	Continuation of prior year projects; no new projects funded in 2017

Table 7 – Goal Descriptions

Estimate the number of extremely low-income, low-income, and moderate-income families to whom the jurisdiction will provide affordable housing as defined by HOME 91.215(b):

Extremely low income 7 HOME assisted households, and 25 low income households will receive direct benefits or area benefits. The 25 households were anticipated in 2016 but moved to this program year due to construction timing.

AP-35 Projects – 91.220(d)

Introduction

The Annual Action Plan reflects McHenry County's funding priorities and identifies projects that the County proposes to implement with funds from the U.S. Department of Housing and Urban Development's Community Development Block Grant (CDBG) and HOME Investment Partnerships Program. The funding is allocated to the County's highest priority needs.

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

The priorities were established as a result of stakeholder discussions and an analysis of need within the County. The County anticipates the development of new affordable housing in the community for homeless women and children. This "dual approach" means that both homeless individuals and the inherent need for affordable housing are being addressed.

Projects

AP-38 Projects Summary

Project Summary Information

Table 8 – Project Summary

Project Title	\$ Amount
Habitat for Humanity-Critical Repairs Residential owner occupied rehab CDBG	50,000
McHenry County Housing Authority-Owner Occupied Residential Rehab CDBG	350,000
Village of McCullom Lake – Drainage Phase 4D CDBG	80,300
Village of Union – ADA Improvements CDBG	53,349
City of Harvard – Sanitary Sewer Cleaning and Lining CDBG	162,747
Woodstock-Walnut Ash Drainage Improvement Phase 3 CDBG	247,500
Prairie State Legal Services – Domestic Violence Housing Stability Project CDBG	30,000
Turning Point-Community Anti-Violence Education Program CDBG	20,295
Family Health Partnership-Enhanced Pharmaceutical Assistance CDBG	21,500
Epilepsy Foundation of North Central IL-Conquering Health Disparities in Epilepsy and Brain Injury CDBG	44,309
McHenry County Housing Authority – Old Firehouse Assistance Center Homeless Outreach CDBG	20,000
New Life Transitions – Community Reintegration Program CDBG	15,000
Full Circle Communities- Pearl Street PSH- HOME paired with IHDA PSH	250,000
McHenry County Housing Authority HOME Owner-Occupied	90,000
Habitat for Humanity CHDO	60,000

AP-50 Geographic Distribution – 91.220(f)

Description of the geographic areas of the entitlement (including areas of low-income and minority concentration) where assistance will be directed

The County primarily focuses on impacted areas, although funding is made in other areas of the County as well. In order to most effectively apply CDBG, HOME and other federal funds to affirmatively further fair housing, the County is working on striking a balance between reinvesting in the lower-income areas of greatest need and creating new housing units in areas outside of racial and ethnic concentration. In order to expand the array of housing opportunities available to members of the protected classes, the County is working to foster the creation of affordable family rental housing in non-impacted areas. Infrastructure projects in the qualified areas continue to require large investments of funds. These projects often address the issue of aging infrastructure in the County, including water and sewer projects.

During program year 2016, the City of Woodstock and the Village of McCullom Lake received CDBG funding to address similar flooding water concerns. The City of Woodstock utilized CDBG funds toward a phased project to alleviate flooding of a neighborhood located in a low to moderate income census tract. Two phases have been completed to date and Phase III, which will address the main area of flooding, is set to be completed in 2017. Similarly, the Village of McCullom completed a phase in an ongoing phased project to alleviate flooding in a large portion of the village. In addition to these projects, the Village of Union was awarded CDBG funding to replace an aging water main located within a low to moderate income census tract. Due to timing of the receiving the grant funding and the onset of winter, this project was postponed and will be completed in earlier 2017.

The County has developed a system for prioritizing goals and scoring for local HOME and CDBG applications. Once an application meets the basic eligibility requirements (LMI benefit, eligible activity that meets a National Objective, addresses one of the stated goals in the Consolidated Plan, etc.), a set of scoring criteria is used.

Geographic Distribution

Target Area	Percentage of Funds
McHenry County Impacted Areas per Map 3	0
Low and Moderate Income Areas per Map 1	32
Countywide LMC	50

Table 9 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

The areas/neighborhoods of concentration of minority and LMI persons tend to be in older areas with a higher level of housing rehabilitation needs. These geographic areas are identified above in Map 3

Impacted Areas. Most of the calls to community providers are for the weatherization program, in addition to the housing rehabilitation program applicants, are from these areas of the County. Areas that are highlighted in the impacted areas have higher minority populations, higher poverty and are areas where HOME grant funding is limited to rehabilitation of existing homes, whereas CDBG funding may be used with priority for infrastructure and rehabilitation of existing homes. All benefits that are for community areas will be limited to the areas in Map 1 for low to moderate income areas in accordance with HUD regulation requirements.

Discussion

Many of the distressed housing units are located in areas without municipal water and sewer services, and often suffer from ongoing flooding issues. These projects often address the issue of aging infrastructure in the County, including water and sewer projects. In addition, due to the settlement patterns within the County, many older lakeside communities contain former summer cottages that now have year-round residents. These homes were never constructed as year-round homes and often require more maintenance due to age. Effective water resources for a community can become a high priority when contamination is an issue.

Affordable Housing

AP-55 Affordable Housing – 91.220(g)

Introduction

See below for the one year goals for the number of households to be supported.

One Year Goals for the Number of Households to be Supported	
Homeless	7
Non-Homeless	25
Special-Needs	0
Total	32

Table 10 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	0
The Production of New Units	2
Rehab of Existing Units	45
Acquisition of Existing Units	7
Total	54

Table 11 - One Year Goals for Affordable Housing by Support Type

Discussion

See above.

AP-60 Public Housing – 91.220(h)

Introduction

McHenry County is served by McHenry County Housing Authority (MCHA) which owns and manages 23 units of single-family public housing.

Actions planned during the next year to address the needs to public housing

MCHA will continue to use the capital fund program over the next year to rehabilitate and modernized its public housing units to ensure housing quality standards, as well as energy efficiency.

Actions to encourage public housing residents to become more involved in management and participate in homeownership

MCHA has a Resident Advisory Board that is directly involved in a management capacity. Additionally, one public housing tenant has a seat on the full Housing Authority Board of Directors. Further, MCHA involves its residents in management activities with a community service requirement such as volunteering 8 hours/month in some public benefit activity or participating in training, counseling or classes toward gaining self-sufficiency and independence. Scattered-site tenants are encouraged to take part in local neighborhood watch or crime prevention programs.

MCHA will continue to work to provide financial literacy counseling and life skills training, in addition to sending job opening notices to public housing tenants.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

Not applicable. McHenry County Housing Authority is not designated as troubled.

Discussion

HUD has mandated that every entitlement community and Public Housing Authority develop an Affirmatively Furthering Fair Housing Plan. Initially, the Chicago Metropolitan Agency on Planning (CMAP) was going to approach this effort regionally but may be refraining from doing so. The CD Division will work with the local housing authority to determine the best course of action for completing this task by the required timeframe in 2019.

AP-65 Homeless and Other Special Needs Activities – 91.220(i)

Introduction

McHenry County's Continuum of Care (CoC) continues to work collaboratively to address the myriad of homeless issues in the County, including emergency, transitional, and permanent housing, and a range of social services agencies, from the Northern Illinois Food Bank to the PADS (Public Action to Deliver Shelter) to assist persons and families to become independent. Two major issues are impacting the level of homelessness in the County: the lack of affordable housing and the ongoing dislocation from the impact of the Great Recession (individuals become homeless after a lengthy foreclosure process). In addition, limited public transportation options impacts the ability of low-income households to access employment centers and social services.

The McHenry County CoC Committee consists of a variety of people and organizations including representatives from McHenry County government agencies, food pantries, townships, faith-based organizations, housing developers, and healthcare and other social service providers, all working together to provide assistance and address the problem of homelessness. Committee members include, but are not limited to: the Salvation Army, PADS, Pioneer Center, Prairie State Legal Services, Turning Point, Home of the Sparrow, Crystal Lake Bank, Consumer Credit Counseling Services, Transitional Living Services, Thresholds, Veterans Assistance Commission, the United States Department of Veterans Affairs, the McHenry County Housing Authority, the McHenry County Crisis Line, the Lake-McHenry Regional Office of Education, concerned citizens and formerly homeless individuals and the McHenry County Department of Planning and Development – Community Development Division.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including:

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

The community made great strides in confronting homelessness, approving a comprehensively developed Plan to End Homelessness, which will effectively begin operation in January, 2016.

The McHenry County Continuum of Care (CoC) plans to continue a Street Outreach approach funded through the Emergency Solutions Grant, the McHenry County Community Foundation and the McHenry County Mental Health Board to reach out and assess the needs of individuals experiencing homelessness, especially chronic homelessness. The CoC stresses this approach is the most effective way to connect with the most vulnerable unsheltered and chronically homeless individuals. The McHenry County Housing Authority opened the Old Firehouse Assistance Center in Woodstock in 2016. They report seeing an average of 60 clients per day, and is open during the day Monday-Thursday. The community continues to offer emergency services for victims of domestic violence (who essentially become homeless after leaving an abusive household) and homelessness preventions services aimed at

keeping individuals housed through either rental support or case management/community support. New Life Transitions was awarded the inaugural Coordinated Assessment funding, and successfully developed a county-wide housing priority waitlist with cooperation from Continuum of Care agencies that offer housing to homeless individuals and households. This centralized and streamlined service delivery program will be operational early 2017. The CoC plans to be a leader in the use of best practices and a global array of services and best housing options to meet client needs in McHenry County.

Addressing the emergency shelter and transitional housing needs of homeless persons

The Continuum is focused on more coordination of support services over the next year and over the next five years. Street Outreach and case management are needed for people who are chronically homeless and move from shelter to shelter, agency to agency, and jail to detoxification facilities and, finally, back to the streets.

McHenry County has developed a Strategic Plan that would provide a framework for homeless housing and service delivery. Initially conceived as a 10 year plan in the 2015 annual action plan, the CoC ultimately developed a more realistic 3-year plan and rolled this into operation starting in 2016. The identified objectives from the Continuum of Care Plan to End Homelessness include the following:

Housing and Shelter, Supportive Services, System Operations.

The CoC has effectively strategized and targeted both ESG and CoC funding for: Permanent Supportive Housing (CoC), Rapid Rehousing (CoC), Transitional Housing; low cost per client (CoC), Coordinated Assessment (CoC), HMIS (CoC), Planning (CoC), Emergency Shelters (ESG), Street Outreach (ESG), Homelessness Prevention.

Additionally, the McHenry County Housing Authority outlines use of its Community Services Block Grant funding for Homelessness Prevention and Economic Development.

The goal is to provide homeless individuals and families with the most effective array of services to enable them to move from homelessness to permanent housing and then live as independently as possible while maintaining stable permanent housing. Additionally, the funding of Planning, HMIS and Coordinated Assessment enable the community to more effectively operate its system.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating

access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

Families experiencing homelessness are now offered a wider array of services, including Rapid Rehousing, to reduce a period of homelessness. The community had increased the number of permanent supportive housing and VASH vouchers available to homeless individuals, with a preference for chronically homeless individuals. The housing needs of low-income individuals and families with children are high due to a combination of the slow economic recovery, a lack of well-paying jobs, and the high cost of housing. With the cost of a two-bedroom unit approaching \$1,000 per month, few low-income individuals or families can afford a unit in the County. Over 30% of the households in the County earn less than \$50,000 annually. In addition, 47% of owners with mortgages, 17% of owners without mortgages, and 55% of renters in the county spent 30% or more of household income on housing. This financial position leaves many individuals and families who are currently housed in a precarious situation with no safety net if a major housing repair is needed or a large housing expense occurs. For these reasons, the development of affordable housing in the community remains a priority with both HOME and CDBG funding-especially housing that targets LMI populations. The McHenry County Housing Authority has set a homeless preference for its public housing and will continue to do so in 2016.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs.

In terms of rapid rehousing assistance, the CoC agencies have shifted their focus to the continuation of a Rapid Rehousing Program for families and a planned addition of four new affordable housing units to the community. Home of the Sparrow will be adding at least four additional units of affordable housing for homeless women and children through a reallocation of HOME funding, as the previously funded project did not commence. The CoC also approved a Rapid Rehousing request from the community's domestic violence provider, Turning Point. It is not yet known if this CoC grant was approved.

Efforts will continue by CoC organizations through HOME and CDBG programs as well as the McHenry County Mental Health Board to help support the development of permanent supportive housing and affordable housing strategies. This includes a number of collaborative initiatives as well as continued work on the community's new plan to end homelessness. The CoC and CD Division anticipate that the development of housing opportunities will need to occur in a creative manner non-reliant solely on

actual development of brick and mortar edifices.

One year goals for the number of households to be provided housing through the use of HOPWA for:
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family
Tenant-based rental assistance
Units provided in housing facilities (transitional or permanent) that are being developed, leased, or operated
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds
Total

AP-75 Barriers to affordable housing – 91.220(j)

Introduction

McHenry County completed an Analysis of Impediments to Fair Housing Choice (AI) in 2012 that identified the public policies that had a negative effect on fair housing, affordable housing and residential investment.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

The AI provided the following Fair Housing Action Plan, some of which address barriers to affordable housing, in addition to fair housing.

Discussion

McHenry County requires municipalities to change their zoning ordinances in order to receive CDBG and HOME funding. In the last three years, McHenry County has confirmed compliance or sought amendments to zoning ordinances for the elimination of language that prohibits affordable housing or group homes for Woodstock, Harvard, McCullom Lake, Crystal Lake, Lake in the Hills, and Richmond. In 2015, a workforce housing project that was proposed in Cary was opposed, not entirely by the public officials, but by the citizens. The developer sought project housing vouchers from the McHenry County Housing Authority. Community Development Division Staff of the McHenry County Department of Planning and Development and the Continuum of Care Chairman went to a Village of Cary Board and to the Illinois Housing Development Authority meetings to speak in favor of the project and against its protest by educating the public and providing evidence of need in the county. This project is expected to be completed in 2017.

AP-85 Other Actions – 91.220(k)

Introduction

The following is a brief summary of the planned actions from the Consolidated Plan (CP) and Annual Action Plan (AP).

Actions planned to address obstacles to meeting underserved needs

Funding to support service agencies to increase capacity or efficiency of services to serve homeless populations; in addition to increasing services or maintaining the existing level of service for non-homeless, extremely low- to moderate-populations will assist in meeting underserved needs.

Actions planned to foster and maintain affordable housing

The lack of affordable housing is one of the primary issues identified during the development of the Consolidated Plan. The large waiting list indicates that the housing needs for persons with disabilities, in particular mental health, and those with extremely low-incomes, are currently unmet. The owner-occupied housing rehabilitation program and acquisition/rehabilitation of rental units (homeless priority) will assist in fostering and maintaining affordable housing in McHenry County.

Actions planned to reduce lead-based paint hazards

The Lead Based Paint (LBP) program in the County is a state funded program. Each municipality determines their lead based paint needs and programs. McHenry County Health Department refers low-income persons with elevated blood lead levels to the McHenry County Housing Authority. This agency has funding to address lead-based paint hazards.

Through McHenry County Housing Authority and Habitat for Humanity of McHenry County, the County offers an owner-occupied housing rehabilitation program. Lead abatement is one aspect of the rehabilitation program if a problem with lead paint is identified during the rehabilitation project. For any projects to dwellings constructed before 1978, the County requires lead testing and, if necessary, abatement prior to any construction activity. Additionally, County inspectors working with HUD funded programs are certified under the new EPA lead paint laws known as the Renovation, Repair, and Painting Program (RRP). A LBP training session was last conducted in 2009 or 2010. An estimated 150 local contractors participated, and an estimated 40-50 contractors became certified. The County intends to offer another targeted lead certification project in 2017.

Recently, the McHenry County Department of Health, along with the Centers for Disease Control (CDC) and Prevention, the U.S. Environmental Protection Agency (EPA), and the U.S. Department of Housing and Urban Development (HUD), participated in National Lead Poisoning Prevention Week. Outreach

programs to enhance awareness of lead-based paint and testing will occur in FY2015-2019.

Actions planned to reduce the number of poverty-level families

McHenry County has worked with local service providers to pursue resources and innovative partnerships to support the development of infrastructure improvements, affordable housing, and public services to address homelessness.

The affordable housing programs, including supporting the production of affordable rental units and rental assistance, the owner-occupied rehabilitation program, down payment assistance, and increasing the number of permanent housing units for homeless persons assists to eliminate poverty through making housing more affordable, preserving the condition and availability of the existing housing stock and helping citizens build assets of all kinds: human, social, financial, and physical.

The community has approved a Regional Economic Development Plan in the community to include neighboring Boon and Winnebago Counties. The purpose of this plan is to enhance existing resources while working closely with neighboring community to utilize economies of scale to avail jobs and commerce, and ultimately, needed tax revenue to fund services.

Actions planned to develop institutional structure

The McHenry County Department of Planning and Development is responsible for the overall planning, administration and monitoring of the County's Community Development Block Grant (CDBG), Home Investment Partnerships Program (HOME) and other HUD funds made directly to the County. Additionally, the CD Division is the Planning Grantee for the CoC and Facilitates support through both ESG and CoC resources.

A newly-combined and appointed commission supports HUD programming. The Community Development and Housing Grant (CDHG) Commission, is comprised of the former Housing Commission and CDBG Commission and is composed of governmental officials, citizens and not-for profit service agencies, is an advisory commission that meets with frequency to oversee the execution of the CDBG and HOME grant programs.

Other partnerships exist to deliver services in the County. The Continuum of Care meets monthly on projects and issues related to the homeless and also makes funding allocations to community providers for services related to homelessness. McHenry County Housing Authority (MCHA) has a seven member commission appointed by the McHenry County Board. MCHA implements public housing projects and a variety of other programs related to low-income people and housing needs. The MCHA is also the recipient agency for Community Services Block Grant funding (CSBG). This support is geared toward homelessness prevention and economic development activities.

CD staff intend to offer Community Development University starting in July, 2017 and will focus on

topics related to Lead certification, completion of reports, understanding Subrecipient agreements and much more.

Actions planned to enhance coordination between public and private housing and social service agencies

The County has been actively working to address the gaps in the institutional delivery system. The process management and institutional structure has been developed to provide a high level of oversight and input into the community development and housing funding decisions. Stakeholders from a cross-section of sectors are involved, including direct service providers and members of the non-profit, for profit, and governmental sectors. Still, the process for prioritizing goals and scoring local CDBG applications has been handicapped by a “scatter-shot” approach to funding. This process is currently being refined to provide a clearer process for prioritizing goals so that the process encourages a broader range of service providers and leverages additional funds for maximum impact.

The Continuum of Care continues to be an active forum for the development of community relationships in addition to its role as the response to community homelessness. The McHenry County Mental Health Board also is very active at pulling community leaders and partners together through its meetings of stakeholders and grantees. These efforts facilitate a great deal of community coordination around homelessness, housing and service issue in the community.

Discussion

See above.

Program Specific Requirements

AP-90 Program Specific Requirements – 91.220(l) (1, 2, 4)

Introduction

See below for program specific requirements.

Community Development Block Grant Program (CDBG)

Reference 24 CFR 91.220(l) (1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	0
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
Total Program Income:	0

Other CDBG Requirements

1. The amount of urgent need activities	0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	100.00%

HOME Investment Partnership Program (HOME)

Reference 24 CFR 91.220(l) (2)

1. A description of other forms of investment being used beyond those identified in Section 92.205 is

as follows:

N/A

2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

The County uses recapture guidelines for homeownership activities. Currently, a recapture agreement is executed for the full HOME subsidy out of net proceeds from the sale. Recapture requirements are executed if the property does not continue as the principal residence of the owners for the duration of the period of affordability, for a period of time between five and fifteen years based on the amount of HOME investment made in the property. The County will recapture the full amount of the HOME investment received by the owners as calculated by using the appropriation conditions listed below:

- In the event of a sale of the property during the period of affordability, the County shall recapture an amount equal to the HOME investment in the property.
- In the event of refinancing during the period of affordability, the County shall ensure that the loan terms of any loan to which HOME funds are subordinated are reasonable and sustainable. The County is currently developing procedures on refinancing HOME investment in the properties.
- In the event of a foreclosure, the County shall recapture from the net proceeds up to the original amount of the HOME investment associated with the purchase and rehabilitation of the property subordinate to the first mortgage lien against the property. The County's five year Consolidated Plan also permits option for resale if deemed appropriate. Resale agreements must state fair return and reasonable qualifications for low income homebuyers.

To maintain compliance with HOME, each recipient of HOME funds is required to file an approved affirmative marketing plan, or adopt the County's plan as a condition of each funding agreement. Most organizations use several methods of meeting affirmative marketing requirements, including multi-lingual documents, and outreach to local businesses, schools, service centers and churches. Organizations are encouraged to work with other local agencies to share resources and develop policies that meet marketing requirements within each individual organization. The County continues to update Section 504 compliance records and procedures, and follows policies and programs that prohibit discrimination in employment, housing, access to education and public services.

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:

Recapture provisions as outlined in 24 CFR Part 92.254(a)(5)(ii)(A)(1) through (7) shall be enforced in cases where HOME funds are provided as a direct subsidy to the homebuyer as down payment,

closing costs, and/or purchase price assistance. McHenry County shall recapture only the amount of direct subsidy to the buyer. The development subsidy is excluded. Additionally, the County uses recapture guidelines for homeownership activities. The amount of the direct HOME investment received by the owners and the period of affordability requirement is listed below:

- The voluntary or involuntary sale or transfer of the property during the period of affordability will trigger repayment of direct HOME subsidy, subject to availability of net proceeds, to McHenry County to be utilized for HOME eligible activities.

Subordination of McHenry County Mortgages due to Refinancing of Primary Loans. In the event of refinancing during the period of affordability, the County shall ensure that the loans terms of any loans to which HOME funds are subordinated are reasonable and sustainable. McHenry County's provisions are summarized as follows: Should the mortgagor under a McHenry County mortgage desire to refinance a mortgage which is superior to the McHenry County mortgage, McHenry County will subordinate

- its mortgage, as follows: homeowner may not take cash out; homeowner may roll into the new first mortgage only reasonable and customary closing costs associated with the refinancing (this does NOT include points paid to buy down the interest rate); the new first mortgage principal balance cannot exceed the original first mortgage principal; the new first mortgage must be a fixed rate loan (15 year permissible on a case by case basis, dependent on capacity to make payments); balloon mortgages are not permissible; if the prior mortgage required escrowing of taxes and insurance, the new mortgage shall also have this requirement.
- In the event of a foreclosure, the County shall recapture from the net proceeds up to the original amount of the direct HOME subsidy investment and subordinate to the first mortgage lien against the property.
- The Recapture revisions shall be enforced through a mortgage, note and recapture agreement filed with the McHenry County Recorder's Office and the requirements within shall be triggered upon a sale or transfer of the HOME assisted property.
- The amount recaptured will be the entire amount of the HOME direct subsidy to the homeowner, with the total collections capped by net proceeds. Net proceeds are the sales price minus the superior loan repayment (other than HOME) and any closing costs.

All projects using homebuyer assistance must follow the County's Homebuyer policy adopted in January 2014.

See below for the Discussion section for an outline of the Resale option.

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that

will be used under 24 CFR 92.206(b), are as follows:

N/A

Discussion

Resale-This option ensures that the HOME-assisted units remain affordable over the entire affordability period. The Resale method is used in cases where HOME funding is provided directly to a developer to reduce development costs, thereby, making the price of the home affordable to the buyer. Referred to as a “Development Subsidy,” these funds are not repaid by the developer to the PJ, but remain with the property for the length of the affordability period.

Specific examples where McHenry County would use the resale method include: Providing funds for the CHDO developer to acquire property to be developed or to acquire affordable ownership units; providing funds for site preparation or improvement, including demolition; and providing funds for construction materials and labor.

Notification to Prospective Buyers. The resale policy is explained to the prospective homebuyer(s) prior to signing a contract to purchase the HOME-assisted unit. The prospective homebuyer(s) sign an acknowledgement that they understand the terms and conditions applicable to the resale policy as they have been explained. This document is included with the executed sales contract. (See attached Homebuyer Agreement.)

Enforcement of Resale Provisions. The resale policy is enforced through the use of a Declaration of Covenants for Resale will specify: The length of the affordability period (based on the dollar amount of HOME funds invested in the unit; either 5, 10, or 15 years); that the home remain the Buyer’s principal residence throughout the affordability period; and the conditions and obligations of the Owner should the Owner wish to sell before the end of the affordability period, including; the Owner must contact the McHenry County Planning and Development Department in writing if intending to sell the home prior to the end of the affordability period; the subsequent purchaser must be low-income as defined by HOME, and occupy the home as his/her new purchaser’s primary residence for the remaining years of the affordability period. c. The sales price must be affordable to the subsequent purchaser; affordable is defined as limiting the Principal, Interest, Taxes and Insurance (PITI) amount to no more than 30% of the new purchaser’s monthly income.

Fair Return on Investment. The McHenry County Planning and Development Department will administer its resale provisions by ensuring that the Owner receives a fair return on his/her investment and that the home will continue to be affordable to a specific range of incomes. Fair Return on Investment means the total homeowner investment which includes the total cash contribution plus the approved capital improvements credits as described as: The amount of the down payment; the cost of any capital improvements, documented with receipts provided by the homeowner, including but not limited to: any

additions to the home such as a bedroom, bathroom, or garage; replacement of heating, ventilation, and air conditioning systems; and accessibility improvements such as bathroom modifications for disabled or elderly, installation of wheel chair ramps and grab bars, any and all of which must have been paid for directly by the Owner and which were not installed through a federal, state, or locally-funded grant program; and outdoor improvements such as a new driveway, walkway, retaining wall, or fence.

Note: All capital improvements will be visually inspected to verify their existence.

Affordability to a Range of Buyers. The County will ensure continued affordability to a range of buyers, particularly those whose total household incomes range from 50 percent to no greater than 80 percent AMI.